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United States
Department of
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Office of
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Selected Speeches and News Releases

February 27 - March 4, 1992

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USDA ANNOUNCES PROCEDURES FOR ACCEPTANCE OF STORAGE AND HANDLING RATES

WASHINGTON, Feb. 27—The U.S. Department of Agriculture has set the criteria for accepting storage and handling rates offered by warehousemen to store commodities, grain, rice and minor oilseeds, under the Uniform Grain Storage Agreement and the Uniform Rice Storage Agreement.

This applies to warehouse agreements entered into April 1 through March 31, 1993, according to Keith Bjerke, executive vice president of USDA's Commodity Credit Corporation.

Under the offer-acceptance method, warehousemen submit offers for rates at which they will store and handle grain. If a warehouseman offers rates that are considered unacceptable to the CCC, they will be rejected and the warehouseman is given the opportunity to adjust the rates to an acceptable level.

"About 70 percent of offers for wheat were the same as or lower than last year, while 86 percent of the offers for corn and other grains were the same as or lower than the previous year. The offers reflect the reduction in CCC stocks of grain and competition within the storage industry to store available stocks," Bjerke said.

Bjerke emphasized that CCC will continue to withdraw its grain from higher cost facilities and swap stocks into lower cost warehouses during the coming year.

The maximum storage rate may not exceed 38 cents per bushel per year and the maximum handling rates may not exceed 9-1/2 cents per bushel for receiving charges and 9-1/2 cents per bushel for loadout charges. Also, the rates may not exceed the warehouseman's current CCC storage agreement rates by more than 1 cent per bushel per year for storage and by more than 1/2 cent per bushel per year (total) for handling.

If the storage or handling rates under a warehouseman's current CCC storage agreement were decreased during 1991-92, rates under the warehouseman's 1992-93 CCC storage agreement, in certain instances,

may be increased (not to exceed the maximum rates) by the amount of the decrease but not more than 2 cents per bushel per year for storage or one cent per bushel total for handling.

Bruce Merkle (202) 720-8206

#

USDA SETS 1992 MARKETING QUOTAS AND REFERENDA FOR FOUR KINDS OF TOBACCO

WASHINGTON, Feb. 28—The U.S. Department of Agriculture today issued tobacco marketing quotas for four kinds of tobacco: Maryland (type 32), 6,026 acres; cigar filler (type 41), 611 acres; cigar binder (types 51-52), 744 acres; and cigar filler (type 46), zero acres.

Four separate referenda will be held to determine whether growers want marketing quotas for these tobaccos for the marketing years 1992, 1993, and 1994. Growers of Maryland, cigar filler (type 41), and cigar binder (types 51-52) tobaccos will vote by mail ballot March 23-26. Growers of cigar filler (type 46) will vote at polling places on March 25.

In March 1989, growers of Maryland, cigar filler (type 41), and cigar binder (types 51-52) rejected quotas for the 1989-91 crops. Growers of cigar filler (type 46) approved the quotas by 97 percent.

If growers vote in favor of quotas, they will be in effect for the next three crops and price support loans will be available. If quotas are disapproved, production will not be limited and price support loans will not be available.

Quotas were last in effect in 1965 for Maryland tobacco, grown in Maryland and Pennsylvania. Quotas have never been in effect for cigar filler (type 41) tobacco, grown in Pennsylvania. They were last in effect in 1983 for cigar binder (types 51-52) tobacco, grown in Connecticut and Massachusetts. Quotas were in effect for the 1991 crop of cigar filler (type 46) tobacco, grown in Puerto Rico, but none was grown, because the quota was set at zero.

Tobacco growers grew 11,200 acres of Maryland tobacco, 6,700 acres of cigar filler (type 41) tobacco, and 780 acres of cigar binder (types 51-52) tobacco in 1991.

Notices showing the 1992 allotments for individual farms and voting information will be mailed to producers by county Agricultural Stabilization and Conservation Committees.

Kathty Gugulis (202) 720-9149

#

DEMAND UP FOR USDA GREAT PLAINS CONSERVATION PROGRAM

WASHINGTON, Feb. 28—Landowners in the 10 Great Plains states signed more than 1,000 contracts last year to improve the quality of natural resources on nearly three million acres under the Great Plains Conservation Program (GPCP).

"The Great Plains Conservation Program promotes total conservation treatment on farms or ranches with the most severe soil and water resource problems," said William Richards, chief of the U.S. Department of Agriculture's Soil Conservation Service. "We are pleased at the conservation accomplishments achieved by landowners through the program."

GPCP was authorized by Congress in 1956 primarily to protect the drought-prone Great Plains against wind erosion, and to improve the economic stability of the region.

SCS administers the program and offers technical assistance and cost sharing under 3- to 10-year contracts to farmers and ranchers installing permanent conservation practices. Cost-sharing ranges from 50 to 80 percent for needed conservation work.

In 1991, 38 more counties were covered under the Great Plains Conservation Program, bringing the total to 556 counties in the 10 states eligible for program assistance.

Applications for contracts increased by 20 percent from 1990 to 1991. New contracts last year totaled 1,047—up 72 from the previous year. Increased appropriations and emphasis in more cost-effective practices account for much of this increase.

Top priorities in GPCP are treating highly erodible lands, converting land poorly suited to use as cropland back to grassland, reseeding depleted rangeland, and planting trees for wind protection. Land with significant water quality problems is also designated as high priority in this program. Cost-shared practices include stripcropping, terraces,

diversions, fences, stockwater systems, and nutrient and pest management.

About 150 million acres have been treated under the program since its inception.

The program also offers assistance in improving recreation resources, promoting economic uses of land, and controlling agriculture-related pollution.

The 10 states in the Great Plains area are Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming.

Kathy Gugulis (202) 720-9149

#

USDA ANNOUNCES 1992 ACREAGE ALLOTMENTS, PRICE SUPPORT FOR 5 KINDS OF TOBACCO

WASHINGTON, Feb. 28—The U.S. Department of Agriculture today announced acreage allotments and price support levels for five kinds of tobacco for the 1992 marketing year.

The 1992 allotments and support levels are included in the following table for comparison:

Kind of Tobacco	National Allotment (Acres)		Support Level ($ per lb.)		Marketing Assessment (cents per lb.)		
	1992	1991	1992	1991	Growers	Buyers	Total
Virginia fire-cured (type 21)	2,158	3,900	1.367	1.332	.6835	.6835	1.367
Kentucky-Tennessee fire-cured (types 22-23)	15,789	15,037	1.421	1.367	.7105	.7105	1.421
Dark air-cured (types 35-36)	5,342	5,142	1.217	1.169	.6085	.6085	1.217
Virginia sun-cured (type 37)	128	213	1.208	1.177	.6040	.6040	1.208
Cigar filler and binder (types 42-44 and 53-55)	10,613	11,505	1.054	1.014	.5270	.5270	1.054

The price support levels for 1992 range between 2.6 and 3.9 percent higher than the 1991-crop levels. The cooperative marketing associations, through which price support is made available to eligible producers, are authorized to request a reduction in the price support level to improve the marketability of the tobacco.

USDA'S Commodity Credit Corporation will establish individual grade loan rates before the marketing season begins.

The marketing assessment under the 1990 farm bill will be 0.5 percent of the support level on both growers and buyers for a total of 1 percent per pound for the 1992 crops of tobacco.

Except for farms on which producers in recent years have planted or received planted credit of less than 75 percent of the farm's acreage allotment, 1992 tobacco allotments are reduced 40 percent for Virginia fire-cured, 25 percent for Virginia sun-cured and 5 percent for cigar filler and binder while tobacco allotments are increased 5 percent for Kentucky- Tennessee fire-cured and 5 percent for dark air-cured from 1991.

USDA will hold a referendum March 23-26 for producers of sun-cured (type 37) to determine if quotas are approved for the marketing years 1992, 1993 and 1994.

If more than one-third of these tobacco producers who vote oppose quotas, marketing quotas of that kind of tobacco will not be in effect for the 1992 marketing year. Quotas for the 1989-1991 crops of sun-cured tobacco were approved by a unaminous vote in a 1989 referendum.

Notices of the 1992 allotments for individual farms will be mailed to producers by USDA's county Agricultural Stabilization and Conservation Committees.

The committees will also mail referendum ballots to all known eligible producers. Producers who do not receive a ballot may obtain one from their county ASCS office.

Robert Feist (202) 720-6789

#

CCC INTEREST RATE FOR MARCH 4-1/4 PERCENT

WASHINGTON, Mar. 2—Commodity loans disbursed in March by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 4-1/4 percent interest rate, according to Keith Bjerke, executive vice president of the CCC.

The 4-1/4 percent interest rate is up from February's 4-1/8 percent and reflects the interest rate charged CCC by the U.S. Treasury in March.

Robert Feist (202) 720-6789

#

AUTOMATED WATER JETS, SENSORS SPEED BEEF PROCESSING

WASHINGTON—An automated technique to remove bone, fat and gristle from beef at meat packing plants has been developed by U.S. Department of Agriculture scientists.

As beef chucks move through the robotic system, water jets operating at high pressure penetrate the meat, removing the unwanted parts. A computer activates the water jets on signals from sensors on or above the conveyor line.

Co-inventor James Craig, Jr. of USDA's Agricultural Research Service said three types of sensors were built, the first being a series of electronic needles that pierce the meat to detect bone, fat and gristle. That technique has been patented, he added, and patents are being sought for sensors that rely on sound wave or an electric eye.

Craig said the automated system "produces a higher quality end product for restructured beef." Within the meat industry, this type of deboned beef is prepared primarily for use in convenience foods, such as TV dinners.

Craig, a chemical engineer, said the system is five times faster than manually deboning and removing fat and gristle from beef chuck. A meat cutter who currently works 20 minutes on a chuck could trim the time to less than four minutes using the automated technique. That could add up to a savings of approximately $1 million a year for the meat industry, according to the researcher.

If a company licensed the technology, federal approval would be needed for its use commercially, said Ann Whitehead, coordinator of the

ARS national patent and license program, Beltsville, Md.

Not only do the water jets shorten the processing time, but the use of sensors locate the bone and other unwanted parts. Craig and co-inventors Richard P. Konstance and Wolfgang Heiland worked out three types of sensors in studies at the ARS Eastern Regional Research Center in Philadelphia.

On the original patented design, the system's conveyor belt has electronic needles, each containing a small switch that is a sensor. As the meat moves down the conveyor, the needles penetrate deep enough to activate the switches when bone, fat and gristle are located.

Craig said patent applications have been filed for optical and sonic sensors. On the optical one, meat passes under an electric eye similar to a television camera which displays a pattern of bone, fat and gristle. And, the sonic sensor uses sound waves to monitor the beef as it moves on the conveyor.

In all three methods, meat passes through a "multiple-blade slicer" where it is cut to desired thickness. The cut meat is then reformed to produce a finished product.

Craig said the automated technique was designed so that water from the high-pressure water jets is recovered, filtered, sterilized and reused, avoiding water pollution or waste.

Bruce Kinzel (301) 344-2739
Issued: March 2, 1992

#

CRANBERRY GROWERS VOTE TO AMEND MARKETING ORDER

WASHINGTON, March 2—Cranberry growers and processors in Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington and New York voted to amend their marketing order program to conduct production research and promotion projects, according to the U.S. Department of Agriculture.

Daniel D. Haley, administrator of USDA's Agricultural Marketing Service, said that 464 cranberry growers and processors, or about 48 percent of those eligible, cast valid ballots.

Haley said other amendments passed will authorize the Cranberry Marketing Committee to:

—calculate annual allotments on the basis of sales histories;

—limit tenure for committee members to three consecutive two-year terms of office;

—establish provisions regarding excess cranberries, which will allow producers to deliver their entire crop during a year of volume controls; and

—require handlers to pay assessments on the weight of cranberries they acquire instead of on the weight of cranberries they handle.

All of the amendments passed by a 73 percent to 93 percent margin by both volume of production and number of growers represented in the referendum. This exceeded the two-thirds needed for the amendments to become effective. Processors representing over 50 percent of the total volume of the 1990-91 crop also approved all amendments.

USDA's proposed amendments to the marketing order and notice of the referendum appeared in the Dec. 27, 1991, Federal Register and were announced in a news release on the same day.

Notice of the amendments will appear in a future Federal Register. Copies will be available from Maureen Pello, Marketing Order Administration Branch, AMS, USDA, P.O. Box 96456, Rm. 2522, Washington, D.C. 20090-6456; tel. (202) 720-2861.

Rebecca Unkenholz (202) 720-8998

#

PUBLIC LAW 480 AGREEMENT OPENS NEW MARKET FOR U.S. FARMERS IN JORDAN

WASHINGTON, March 3—A Public Law 480, Title I agreement signed with Jordan March 1 provides for the sale of $20 million worth of U.S. wheat, Secretary of Agriculture Edward Madigan announced today.

"Jordan is a major wheat importer and this agreement is an important step in helping the United States establish a larger presence in this market," Madigan said. "Typically the Jordanians rely on heavily subsidized European Community wheat, but the availability of long-term credits from the United States means the market is now open to U.S. farmers."

The dollar credit agreement will provide financing for approximately 115,000 metric tons of wheat.

The supply period is fiscal year 1992. After the agreement is

countersigned for the U.S. Department of Agriculture's Commodity Credit Corporation, purchase authorizations will be announced and sales will be made by private U.S. traders on a competitive bid basis.

For operational details, call (202) 720-5780.

Rebecca Broeking (202) 720-0328

#

SCREWWORM OUTBREAK IN MEXICO RESULTS IN USDA ACTION

WASHINGTON, March 3—The discovery of 19 screwworm cases in Mexico after more than a year without a screwworm case has prompted the U.S. Department of Agriculture to disperse sterilized screwworm flies in three southern Mexican states through the U.S.-Mexico Screwworm Commission.

The screwworm is a parasite of all warm-blooded animals, particularly livestock, but can attack wildlife, pets and humans as well. The female screwworm fly lays its eggs on the edge of open wounds, and the developing larvae feed on the living flesh of the host animal. Screwworm cases are normally fatal if left untreated.

Neither USDA's Animal and Plant Health Inspection Service nor its Mexican counterpart agency knows the complete distribution of the outbreak at this time. APHIS has advised border inspectors to increase surveillance of animals entering the United States from Mexico and is alerting ranchers along the border that there is a possibility of screwworm-infested animals arriving from Mexico.

"We have worked for many years to help free Mexico from this serious agricultural pest," said Alex Thiermann, deputy administrator for APHIS' International Services. "If screwworms were to become established in the United States again, it would cost hundreds of millions of dollars a year in eradication costs, veterinary bills and production losses. Eventually these costs would be borne by the U.S. taxpayer and consumer."

APHIS, a partner in the long-established bi-national Screwworm Eradication Commission, is dispersing 31 million sterile flies a week over newly infested areas in the Mexican states of Campeche, Chiapas and Tabasco. The Mexican government is conducting field surveys for the pest, informing the public and livestock owners about the eradication

effort and establishing quarantine posts along major highways.

Sterile screwworms are reared by the millions each week in a special facility in Tuxtla Gutierrez, Chiapas, Mexico. Airplanes release the sterilized flies over infested areas, where they mate with wild flies. These matings produce no offspring, and the wild fly gradually breeds itself out of existence.

In February 1991, Mexico was declared officially free of screwworms. The United States has been free of the pest since 1966. Since the bi-national program began, livestock producers on both sides of the border have realized billions of dollars in savings.

Mary Yurkovich (301) 436-7251

#

USDA TIGHTENS RULES OF PACIFIC YEW HARVESTING

WASHINGTON, March 3—The chief of the U.S. Department of Agriculture's Forest Service today issued a new national policy to guard against waste of Pacific yew trees, source of the promising new anti-cancer drug taxol.

Forest Service Chief F. Dale Robertson said all commercial sales of Pacific yew trees on national forests now will be limited to the purpose of taxol production.

Taxol currently is derived in usable quantities only from the bark of the Pacific yew. However, scientists at the agency's Forest Products Laboratory in Madison, Wis., are testing ways to extract taxol from the tree's wood.

Because this research may be successful, Robertson said, the new policy bans the sale of the wood for such items as fence posts and lumber. The only exception reserves a small quantity of wood for the traditional production of bows, arrows and wood-carving products.

The policy also directs that all usable yew wood will be removed prior to burning on timber sale sites. Such sites typically are burned with prescribed, controlled fires after logging to destroy debris that prohibits replanting and forest regeneration, and that could provide fuel for wildfires.

"On all new timber sale sites, all usable yew wood will be collected after bark has been peeled, and either stored at the site or removed," Robertson said.

On sites where timber has already been harvested, small quantities of de-barked yew may have to be burned in the interim, Robertson said. Burning will be allowed only where it is essential for reforestation or where wildfire hazard is high. Removing this relatively small amount of yew wood from these sites is prohibitively expensive, Robertson said, and would add negligible amounts to the total yew supply.

On sites for which permits have been issued only for the collection of yew bark not in association with a timber sale, all yew wood will be stacked for storage or removed.

Robertson said Forest Service officials recently completed an on-the-ground survey of the Pacific yew program to ensure that every possible step is being taken to meet the need for taxol while conserving the Pacific yew species.

The Forest Service implemented its emergency yew bark harvesting program in June 1991 at the request of the National Cancer Institute to provide taxol for rapidly expanding NCI clinical trials of the drug.

NCI researchers believe taxol may be the most promising anti-cancer drug developed during the past decade, and that it may be effective in treating ovarian and breast cancer.

"Since the collection program began, and as a direct result of it, taxol production has increased fivefold," Robertson said. "In 1991 alone we collected more than 825,000 pounds of bark in support of NCI's expanded clinical trials.

"Our aim now is to ensure that yew bark is harvested in the most efficient manner possible, with the least disruption to the ecology of the national forests, and in a manner that maximizes the long-term productivity of the species."

Under the program, Pacific yew bark is harvested from national forests in the western United States by Bristol-Myers Squibb Co., which produces taxol from the bark for the NCI clinical trials. NCI awarded Bristol-Myers Squibb the production contract for taxol after a full competitive bid process.

The Forest Service is completing an inventory of Pacific yew trees on national forests and is developing additional conservation and management guidelines for the long-term use and protection of Pacific yew.

"Forest Service researchers continue intensive research of the ecology, silviculture and management methods of Pacific yew and associated species." said Robertson. "This information will be invaluable in managing yew production and harvest, protecting the species, and

ensuring ecological diversity within yew-producing national forests."

The Forest Service will complete a draft environmental impact statement on the harvesting and management of Pacific yew on national forests by June, Robertson said. The process will include opportunities for public participation in reaching decisions for management of the Pacific yew. A final environmental impact statement is expected to be issued this fall.

Nancy Terry (202) 205-1772

#

MADIGAN NAMES MEMBERS TO NATIONAL POTATO PROMOTION BOARD

WASHINGTON, March 3—Secretary of Agriculture Edward Madigan today announced 12 new appointments, 21 reappointments and one appointment to fill an unexpired term to the National Potato Promotion Board, which is made up of 89 potato producers.

Newly appointed are Thomas G. Franconi, Bakersfield, Calif.; Michael A. Entz, Center, Colo.; Carla J. Worley, Monte Vista, Colo.; Edward J. Hastillo Sr., Broad Brook, Ct.; Wendell K. Christensen, Shelley, Idaho; Wayne A. Jensen, Idaho Falls, Idaho; Tracy D. Stanger, Murtaugh, Idaho; Kim D. Summers, Sugar, Idaho; Rodney G. Chamberlain, St. Agatha, Maine; John R. Dorman, Corinna, Maine; Nicholas K. Phelps, Chaffee, N.Y.; Donald J. Brown, Pine Bluffs, Wyo.

Reappointed are Edwin A. Camp, Bakersfield, Calif.; J. Marshall Staunton, Tulelake, Calif.; Gary K. Ball, Rexburg, Idaho; Kim C. Wahlen, Aberdeen, Idaho; Gary T. Cecil, Owensboro, Ky.; Carroll F. Anderson, Caribou, Maine; Brandon R. Roope, Presque Isle, Maine; Charles A. Gunnerson, Ada, Minn.; Keith D. Bjorneby, Grafton, N.D.; Ronald J. Pressley, Vale, Ore.; Wayne J. Irish, Coudersport, Penn.; Earl Gene Hartman, Garden City, S.D.;

Bert H. Peaslee, Guildhall, Vt.; Patrick A. Connors, Yakima, Wash.; Brian P. Drouhard, Othello, Wash.; Lance R. Hammond, Quincy, Wash.; Roger L. Hartwig, Othello, Wash.; Edward R. Schneider, Pasco, Wash; Edward C. Grose, Terra Alta, W. Va.; Germaine M. Okray, Stevens Point, Wis.; and Robert C. Stodola, Grand Marsh, Wis.

All of the above appointees will serve three-year terms beginning March 1 and expiring Feb. 28, 1995. John Venhuizen, Manhattan,

Mont., was appointed to complete an unexpired term that will end Feb. 28, 1994.

Authorized under the 1971 Potato Research and Promotion Act, the board is composed of members appointed by the secretary of agriculture from nominations made by potato producers. Board membership is based on the amount of potato production in each state.

The potato board administers an industry-funded research and promotion program to increase domestic potato consumption and U.S. potato exports.

The U.S. Department of Agriculture's Agricultural Marketing Service monitors the operations of the board.

Arthur Whitmore (202) 720-4026

#

NEW FEDERAL STUDY SHOWS WETLAND CONVERSION SLOWED IN RECENT YEARS

WASHINGTON, March 4—The latest U.S. Department of Agriculture tally of the nation's wetlands on nonfederal rural lands shows the pace of agricultural wetland conversions is slowing significantly.

From the spring of 1987 through the spring of 1991, a total of 431,000 acres of wetlands on nonfederal rural land were converted to other uses, according to a study performed last summer by USDA's Soil Conservation Service. The average annual rate of conversion during the period was 110,000 acres.

James Moseley, assistant secretary of agriculture for natural resources and environment, said, "The scope of this study was restricted to non-federal rural lands where most agriculture activity takes place. It does not take into account wetland conversions on urban, metropolitan and federal lands."

Results of the study show that annual conversions for agricultural purposes have declined significantly, Moseley said. This annual conversion rate is down about 21,000 acres per year compared to the period from the spring of 1982 through the spring of 1987.

Moseley said about 1.1 million acres of wetlands have been converted to other uses during the full nine year period from the spring of 1982 through the spring of 1991.

"Only about one-third of this total acreage converted during this nine year period are agriculturally related," he said. "This is a signifcant change from earlier data, which shows that 87 percent of wetland conversions from 1954 through the mid-1970s were related to agricultural activities. Urban development is responsible for nearly 50 percent of the recent conversions."

According to Moseley, these reductions in the rate of agriculturally related conversions are attributable in part to the "swampbuster" provisions in the 1985 and 1990 Farm Bills. Under these provisions, farmers who convert wetlands for agricultural purposes lose eligibility to participate in USDA crop price support programs.

Another incentive for farmers to preserve wetlands is the new Wetlands Reserve Program, which has a goal of enrolling 1 million acres by the end of 1995 through the purchase of permanent or long-term easements. USDA is authorized to spend $46.4 million in fiscal 1992 to purchase easements on 50,000 acres in eight states from eligible owners to restore farmed and converted wetlands.

"We're also seeing a better understanding by farmers of wetlands' role as a filter for nutrients and sediments from farm fields, as wildlife habitat and as an important component in preventing downstream flooding," he said.

The update was based on data collected at nearly 20,000 selected sample sites during June and July 1991 by SCS. The update did not include any estimation of areas that became new wetlands during the 1987-1991 period.

SCS conducts a National Resources Inventory (NRI) every five years. This inventory serves as a principal source of information on the status, condition and trends of soil, water and related resources for non-federal rural lands. The new data on wetlands updates the latest NRI, issued in 1987.

Kathy Gugulis (202) 720-9149

#

ELIGIBLE 1991 CORN AND SORGHUM PRODUCERS DUE FARM PROGRAM PAYMENTS

WASHINGTON, March 4—Secretary of Agriculture Edward Madigan said the U.S. Department of Agriculture's Commodity Credit Corporation will make about $975 million in cash deficiency payments this month to eligible producers of 1991 crop corn and sorghum.

According to Madigan, corn producers will receive about $895 million in additional deficiency payments including approximately $70 million under 0/92 provisions. Most corn producers requested advance deficiency payments and were paid about $1.16 billion at signup.

Sorghum producers will receive about $80 million in additional deficiency payments including $25 million under the 0/92 provisions, Madigan said. Sorghum producers who requested advance deficiency payments during the 1991 feed grain program signup have already received payments of about $95 million.

Deficiency payment rates are the difference between the established target price for the commodity and the higher of the five-month average market price or the basic price support rate for the commodity. Corn and sorghum prices for the first five months of the 1991 marketing year exceeded the basic price support rates of $1.89 per bushel for corn and $1.80 per bushel for sorghum.

Deficiency payments are, therefore, required to be made under the 1991 corn and sorghum programs because the national weighted average corn and sorghum market price received by producers during the first five months of the marketing year (September through January) were below the target price levels

The following table shows the calculations used to determine 1991 deficiency payments for corn and sorghum producers:

		Corn	Sorghum
		($/bu.)	
A.	Target Price	2.75	2.61
B.	Basic Price Support Level	1.89	1.80
C.	1991 5-Month Average Market Price	2.34	2.24
D.	Deficiency Payment Rate (A minus C)	0.41	0.37

Producers who did not request advance deficiency payments will receive $0.41 per bushel in corn payments and $0.37 per bushel in

sorghum payments. Corn producers who received advance deficiency payments will receive $0.178 per bushel. Sorghum producers who received advance deficiency payments will receive $0.146 per bushel.

Under the 0/92 provision of the 1991 feed grain program, participants had the option of underplanting program crop acreage bases while still earning program payments. These producers were guaranteed to receive no less than the projected final deficiency payment rates that were estimated at the time of enrollment in the 1991 feed grain program.

The projected 1991 deficiency payment rates were $0.58 per bushel for corn and $0.56 per bushel for sorghum. Since the projected rates were higher than the actual rates, these producers will be paid on the basis of the projected rates. The final payment for producers receiving an advance payment will be reduced by the amount of the advance payment.

Robert Feist (202) 720-6789

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